Recovery from global recession

323. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Chinese system of financial management has withstood the adverse impact of global recession and slow down;

(b) if so, the details thereof;

(c) whether Government will take some cues from the Chinese experience; and

(d) the steps proposed to be taken for early recovery on fast track?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) The global financial crisis has affected all economies including China and India. As per the latest World Bank Global Development Finance Report 2009, the global economic growth rate declined from 3.8 per cent in 2007 to 1.9 per cent in 2008. In the case of China, the growth rate declined to 9.0 per cent in 2008 from 13.0 per cent in 2007. The report also projects that the economic growth in developing economies in 2009 would slow down to 1.2 per cent amid a negative growth of 2.9 per cent in global output. China with expected growth rate of 6.5 per cent and India with 5.9 per cent remain the two main economies sustaining the developing countries growth in 2009. The report further forecasts 7.5 per cent growth for China and a higher 8.1 per cent for India for 2010.

The effect of global economic recession has, therefore, been minimal on the Indian economy *vis-a-vis* most other countries. An unimpaired financial system, large domestic market and fiscal and monetary stimulus packages have been responsible for the resilience exhibited by the Indian economy against the adverse impact of global economic slowdown.

Income Tax ceiling on home loan interest payments

324. SHRI SUBHASH PRASAD YADAV: Will the Minister of FINANCE be pleased to state:

(a) whether Government proposes to increase the income tax ceiling on home loan interest payments from the present ceiling;

(b) if so, the details thereof;

(c) whether there has been any demand from the Ministry of Urban Development in this regard;

(d) if so, the details thereof; and

(e) the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No Sir.

(b) Nil.

(c) Yes Sir.

(d) It has been requested that the deduction on account of interest payment available under section 24 of the Income-tax Act should be increased to the extent of full interest paid in housing loan taken, for all categories of assesses, at least in respect of one house.